

**HIGHER EDUCATION
P.A. 118 of 2001**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1.0	0.0	1.0	0	0.0
GROSS	1,910,550,908	1,921,031,953	1,947,842,366	37,291,458	2.0
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	1,910,550,908	1,921,031,953	1,947,842,366	37,291,458	2.0
Less:					
Federal Funds	3,900,000	4,900,000	4,900,000	1,000,000	25.6
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	1,906,650,908	1,916,131,953	1,942,942,366	36,291,458	1.9
Less:					
Other State Restricted Funds	120,800,300	130,273,845	130,273,850	9,473,550	0.0
GENERAL FUND/GENERAL PURPOSE ..	1,785,850,608	1,785,858,108	1,812,668,516	26,817,908	1.5
PAYMENTS TO LOCALS	4,670,654	4,050,073	4,050,073	(620,581)	(13.3)

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

1. Public Act 81 of 2001

N/A

A supplemental of \$2,550,300 was enacted for the Michigan Merit Award Scholarship Program, to provide an FY 2000-01 total of \$112,550,300 for the Program. The Department of Treasury estimates that 48,636 students who graduated in June 2001 qualified for the scholarships.

2. Public Act 120 of 2001

N/A

A supplemental of \$3,000,000 was appropriated to Wayne State University for perinatal research. This one-time allocation is intended to support the Wayne State University/Detroit Medical Center's proposal to become a permanent site for the National Institute of Health's Perinatal Research Branch.

B. TUITION RESTRAINT REDISTRIBUTION

Gross	0
GF/GP	0

Language in the FY 2000-01 Higher Education appropriation act (Sec. 403 of Public Act 298 of 2000) stipulated that any public university that increased its academic year 2000-01 undergraduate resident tuition and fees by more than 4.0% would suffer a 1.5% base appropriations loss during the development of the FY 2001-02 State budget. Northern Michigan University increased its academic year 2000-01 tuition and fees by 27.3% due to a new policy requiring students to purchase computers from the university in order to enroll. The 1.5% base reduction for Northern is \$768,890 and the Governor and the House recommended that these dollars be redistributed to the other 14 universities whose tuition increases were at or below 4.0%, based on the total number of fiscal-year-equated students at each institution. The Senate and the Conferees did not apply the tuition restraint redistribution.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

C. UNIVERSITY OPERATIONS

Gross	23,394,012
GF/GP	23,394,012

Subsequent to the tuition restraint redistribution recommendation, the Governor proposed an across-the-board 1.5% increase for the Operations line items for all 15 public universities. In April 2001, the Governor revised his recommendation and eliminated the 1.5% increase. The House and Senate proposed 1.5% and 3.5% operations increases, respectively, after adding per-student floor funding. (See next item.) The Conference Report included a 1.47% increase based on an FY 2000-01 total appropriation for University Operations of \$1,591,429,338. See Table 1, column 3, for the 1.47% increase amount for each institution.

D. PER STUDENT FLOOR FUNDING

Gross	662,850
GF/GP	662,850

The Governor's budget grouped the 15 public universities into five separate tiers, each with a different per student funding floor. As calculated by the Governor, five universities fell below their designated per-student funding floor. The Governor's budget allocated \$7,957,540 (0.5% overall) to these five universities with the first goal of attempting to bring Grand Valley and Saginaw Valley up to \$4,500 per student, and then using the remaining dollars to add \$47.28 per student for the other institutions. In April 2001, the Governor revised his recommendation and eliminated all per-student funding increases.

The House condensed the floor groupings from five to four and added \$100 to each, for floors of \$4,600 (Eastern, Ferris, Grand Valley, Lake Superior, Northern, Saginaw Valley, UM-Flint), \$4,800 (Central, Oakland, UM-Dearborn), \$5,800 (Michigan Tech, Western), and \$9,100 (Michigan State, UM-Ann Arbor, Wayne State). The Senate used only one \$4,700 floor to provide funds for Central, Eastern, Grand Valley, Oakland, Saginaw Valley, and UM-Flint. The Conference Report included the House language regarding four per-student funding floor groupings as well as a small amount (\$463,261) for floor funding, and \$199,589 for rounding and other changes.

E. NEED-BASED FINANCIAL AID

Gross	0
GF/GP	0

The Senate added \$20,000,000 from the Merit Award Trust Fund for need-based financial aid at the 15 universities, distributed based on their share of FY 2000-01 Operations appropriations. The Conference Report did not include this funding.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

F. INDIAN TUITION WAIVERS

Gross	0
GF/GP	0

The Senate transferred \$100,000 from Northern Michigan University to Lake Superior State University to allow Lake Superior to serve as the fiscal agent for Indian Tuition Waiver dollars for Bay Mills Tribal College. The Conference Report did not include this transfer.

G. LIMITS ON FUNDING INCREASES

Gross	0
GF/GP	0

The House bill allowed no university to receive less than a 2.0% increase or more than a 7.0% increase, except for those schools below \$4,600 per student (Grand Valley and Saginaw Valley), which were allowed to rise to that level. The Conference Report did not include funding limits.

H. STATE, REGIONAL, AND KING-CHAVEZ PARKS PROGRAMS

Gross	954,671
GF/GP	954,671

The Governor and House recommended 2.0% increases (later rescinded by the Governor), and the Senate recommended 3.5% increases, for the Agricultural Experiment Station (AES), the Cooperative Extension Service (CES), Project GREEN (which was established as a separate line item in the Governor's bill but not in the House or Senate bill), the Michigan Molecular Institute (MMI), the Japan Center, and the Martin Luther King, Jr.-Cesar Chavez-Rosa Parks Programs. The Conference Report provided 1.5% increases for AES, CES, and Project GREEN; 1.47% increases for MMI and the King-Chavez-Parks programs; and a reduction of \$111,771 for the Japan Center. The FY 2000-01 funding level of \$275,000 was retained for the higher education database, and a \$7,500 increase was included for the Midwest Higher Education Compact to bring the total FY 2001-02 dues payment up to \$82,500.

I. GRANTS AND FINANCIAL AID

Gross	2,806,375
Federal	1,000,000
GF/GP	1,806,375

The Governor and House recommended 2.0% increases, the Senate proposed 3.5% increases, and the Conferees provided 1.47% increases for the State General Fund-financed financial aid programs, as well as the degree reimbursement programs. All budgets also included \$1,000,000 in additional Federal funding for State Competitive Scholarships. The House and Senate appropriated an additional \$28,700,000 and \$20,000,000 respectively, from the Michigan Merit Award Trust Fund for Competitive Scholarships, to replace GF/GP support that was shifted to fund other increases in the Higher Education budget. The Conference Report did not include this fund shift. The lower half of Table 1, column 3, displays the dollar increases.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

J. TUITION INCENTIVE PROGRAM

The Tuition Incentive Program (TIP) provides an incentive to low-income middle and high school students to complete high school and continue on to college by pledging to pay their tuition and fees for associate degree or certificate programs, as well as up to \$2,000 at four-year institutions, if they complete high school. This program was funded from the Michigan Merit Award Trust Fund at a level of \$5,250,000 for FY 2000-01, and the Governor, House, Senate, and Conferees recommended no changes for FY 2001-02.

Gross	0
Restricted	0
GF/GP	0

K. TOBACCO SETTLEMENT - MICHIGAN MERIT AWARD PROGRAM

Michigan Merit Awards of up to \$2,500 may be used by qualified students for education and training at postsecondary institutions. Eligibility is based on student achievement on the MEAP tests or high achievement on college entrance exams (such as the ACT or SAT) or Work Keys skills tests. The FY 2000-01 appropriation for the Merit Awards was \$112,550,300 and the Governor, House, Senate, and Conferees recommended an increase of \$12,473,550 for an FY 2001-02 total of \$125,023,850. This recommendation is based on Department of Treasury projections of 55,000 eligible students with cash payments of \$75,719,795 and accounts payable (dollars held in reserve for eligible 2002 graduates who may receive their awards at a later date) of \$45,736,124. The high school graduating class of 2000 was the first to receive Merit Awards and the Department of Treasury estimates that there were 42,717 eligible students; for the class of 2001, the estimate is 48,636 students. Because there is not yet a full year of experience for the Merit Award Program and since students have up to seven years to claim their Merit Awards, there is still uncertainty as to what the long-term appropriation and expenditure pattern will be.

Gross	12,473,550
Restricted	12,473,550
GF/GP	0

L. TUITION TAX CREDIT REPEAL

N/A

The Governor recommended an FY 2001-02 appropriation of \$25,030,501 that was contingent on the repeal of the Michigan Tuition Tax Credit. An amount of \$23,871,438 (an increase of 1.5%) would be distributed to the 15 public universities based on their share of the FY 2000-01 Operations appropriations, and \$1,159,063 would be added to the General Degree Reimbursement Program, which distributes funds to the independent institutions based on the number of degrees they granted in the previous year. The Governor planned to include these appropriations in the bill that proposes to repeal the tuition tax credit, Senate Bill 371.

The House did not address this issue in its bill. The Senate included the 1.5% amount of \$25,030,501 in the base funding of the 15 universities and the grants and financial aid line items. The Conference Report included boilerplate language (Sec. 214) that appropriates \$27,533,553 for the base appropriations of the public universities and the General Degree Reimbursement Program, contingent on the repeal of the Michigan tuition tax credit. The allocation of the dollars would be determined by the Legislature.

Table 1: FY 2001-02 HIGHER EDUCATION ENACTED APPROPRIATIONS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
UNIVERSITIES	FY 2000-01 Enacted	2000-01 Approp Per Student*	Univ: Increase of 1.47%; Grants Fin. Aid: 1.47%	Floor Funding; Rounding, Other Program Changes	FY 2001-02 P.A. 118 of 2001	\$ Change from 2000-01	% Change from 2000-01	2001-02 Approp Per Student*
Central	88,542,155	4,555	1,301,570	160,075	90,003,800	1,461,645	1.7%	4,630
Eastern	86,367,530	4,659	1,269,603	67	87,637,200	1,269,670	1.5%	4,727
Ferris	54,715,920	6,417	804,324	56	55,520,300	804,380	1.5%	6,511
Grand Valley	59,076,955	4,081	868,431	150,014	60,095,400	1,018,445	1.7%	4,151
Lake Superior	14,061,894	5,060	206,710	96	14,268,700	206,806	1.5%	5,134
Michigan State	321,161,401	8,140	4,721,073	99,826	325,982,300	4,820,899	1.5%	8,262
Michigan Tech	54,441,216	8,912	800,286	98	55,241,600	800,384	1.5%	9,043
Northern	51,259,361	7,186	753,513	26	52,012,900	753,539	1.5%	7,292
Oakland	51,534,095	4,537	757,551	93,054	52,384,700	850,605	1.7%	4,612
Saginaw Valley	26,947,150	4,281	396,123	50,027	27,393,300	446,150	1.7%	4,352
UM-Ann Arbor	358,197,903	9,646	5,265,509	99,288	363,562,700	5,364,797	1.5%	9,791
UM-Dearborn	27,577,815	4,777	405,394	10,091	27,993,300	415,485	1.5%	4,849
UM-Flint	23,719,410	4,697	348,675	15	24,068,100	348,690	1.5%	4,766
Wayne State	249,970,059	10,824	3,674,560	81	253,644,700	3,674,641	1.5%	10,983
Western	123,856,474	5,424	1,820,690	36	125,677,200	1,820,726	1.5%	5,504
Agriculture Experiment Station	36,305,012		533,684	10,004	36,848,700	543,688	1.5%	
Cooperative Extension Service	31,314,190		460,319	8,091	31,782,600	468,410	1.5%	
Michigan Molecular Institute	233,426		3,431	43	236,900	3,474	1.5%	
Japan Center	417,071		6,131	(117,902)	305,300	(111,771)	-26.8%	
Higher Education Database	275,000				275,000	0	0.0%	
Midwest Higher Ed Compact	75,000			7,500	82,500	7,500	10.0%	
King-Chavez-Parks	2,947,230		43,324	46	2,990,600	43,370	1.5%	
TOTAL - UNIVERSITIES	1,662,996,267	6,980	24,440,901	570,632	1,688,007,800	25,011,533	1.5%	7,086
GRANTS & FINANCIAL AID								
Competitive Scholarships	34,875,692		478,863	1,000,061	36,354,616	1,478,924	4.2%	
Tuition Grants	65,142,587		957,596	17	66,100,200	957,613	1.5%	
Work Study	7,899,604		116,124	72	8,015,800	116,196	1.5%	
Part-time Independent	2,860,936		42,057	7	2,903,000	42,064	1.5%	
Dental Degree	4,979,026		73,192	82	5,052,300	73,274	1.5%	
General Degree	6,227,753		91,548	99	6,319,400	91,647	1.5%	
Allied Health Degree	921,508		13,546	46	935,100	13,592	1.5%	
Ed. Opportunity Grants (MEOG)	2,247,235		33,035	30	2,280,300	33,065	1.5%	
Byrd Scholarship Program	1,600,000		0		1,600,000	0	0.0%	
Michigan Merit Award Program	110,000,000		0	15,023,850	125,023,850	15,023,850	13.7%	
Tuition Incentive Program(TIP)	5,250,000		0		5,250,000	0	0.0%	
TOTAL - FINANCIAL AID	242,004,341		1,805,961	16,024,264	259,834,566	17,830,225	7.4%	
Federal	3,900,000		0	1,000,000	4,900,000	1,000,000	25.6%	
Michigan Merit Trust Fund	115,250,000		0	15,023,850	130,273,850	15,023,850	13.0%	
State GF/GP	122,854,341		1,805,961	414	124,660,716	1,806,375	1.5%	
TOTAL- HIGHER ED	1,905,000,608		26,246,862	16,594,896	1,947,842,366	42,841,758	2.2%	
TOTAL FEDERAL	3,900,000		0	1,000,000	4,900,000	1,000,000	25.6%	
TOTAL MERIT TRUST FUND	115,250,000		0	15,023,850	130,273,850	15,023,850	13.0%	
TOTAL STATE GF/GP	1,785,850,608		26,246,862	571,046	1,812,668,516	26,817,908	1.5%	

*FY 1999-2000 Fiscal-Year-Equated Students; Ag Experiment, Coop Extension & Proj. GREEN funds not included for MSU calculation.